



United States Department of Agriculture
Food and Nutrition Service
Southeast Region

P. Fouts SUP
USDA, FCS, SNP

APR 28 2004

DIR Office

Subject: CN/GM Memo #005 - Reporting and Return
Of Interest Collected from CACFP Institution Overclaims

April 20, 2004

To: All Child Nutrition Funding Coordinators
All Child Nutrition Reporting Coordinators

Effective July 29, 2002, the Child and Adult Care Food Program (CACFP) regulations under 7 CFR Part 226.14(a) were amended to read "The State agency may permit institutions to pay overclaims over a period of one or more years. However, the State agency must assess interest beginning with the initial demand for remittance." This includes all CACFP debts established on or after July 29, 2002, that are not repaid in full within 30 days from the date of the initial billing letter. This is a requirement mandated by federal regulations and is not discretionary.

As a result of this requirement, several State agencies have now begun to collect this interest on both current and prior year debts. Since several SAs have raised questions regarding the return of these funds to FNS, this memo is being issued to provide guidance on the return of this interest to FNS and the reporting of same.

Interest should be treated the same as any other prior year debt owed to FNS; i.e., the funds should maintain their fiscal year integrity. The SA should maintain records which record the interest collected, by institution, by fiscal year. Interest recovered may be returned to FNS once at the end of each year following the procedures outlined in CN/GM Memo #002 - Post Closeout Payment and Collection Procedures.

The SA should send an email to the Regional Office FM staff to the attention of Gayle Kinchen (Grants Management) and Todd Burns (Internal Operations & Accounting (IOA)). This email should include the amount of funds collected and the year(s) for which they were collected. IOA will establish a receivable in our accounting system (IPAS). You will be notified by email once the receivable has been established and at that time, you may return the funds through ASAP for each affected year. A separate account will not be established in ASAP for the return of interest recovered. Any interest collected should be returned to the account for regular CN Block (N1099) for each respective year. **Since this process will result in these funds becoming commingled, it is very important that the amount of interest returned be reported in the Remarks section of the SF-269 for each affected year during the mini-closeout process. This will be the only record of the return of interest collected by your SA for that year.**

Please call Gayle Kinchen of my staff at 404-562-1915 if you have any questions regarding these procedures.

SARA S. HARDING
Director
Financial Management

PLEASE NOTE:

The attached policy memo CN/GM Memo #005 Reporting and Return of Interest Collected from CACFP Institution Overclaims, should be filed in Section 3 of The Big Red Book Financial Management Resource Guide.

Copies of this memo have been emailed to the following persons in each State Agency. Please feel free to share this memo with any other persons in your State who may need this information.

AL DOE	Marilou Lensch Kevin Rowe	
FL DOE	Laura Castano Diane Santoro	Rosa Thomas Hal Wilson
FL DOE A	Barbara Baderscher Linda Miles	Felicia Monroe
FL DOH	Kenol St. Fort Joyce Harrison	James Wilson
GA DOE	Virginia Whitfield Della Williams Kilpatrick	
GA OSR	Sharon McPherson	
KY DOE	Anita Hardin Vicky Terry	
MS DOE	Sharon Miller	
NC DPI	Tina Pickett Lynn Hoggard	Matt Longobardi
NC DHHS	Joyce Wilder Lem Harris Melvin Lee	
SC DOE	Heather Snelgrove	
SC DSS	Connie Cunningham Caressa Louellen	Robert Brannon
TN DOE	Bryce Grissom Sarah Morgan	
TN DHS	Jim Williams Lee Woodard	Jim Kohler